



Canada Border  
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Agence des services  
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PROTECTED A



Audience: *Intelligence Operations & Programs*

Enforcement and Intelligence Priority: Smuggling and Contraband

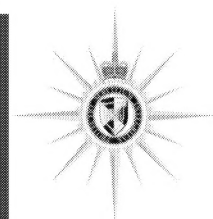
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Intelligence Operations and Analysis Division

## Cannabis Legalization: Implications for the CBSA and Canada

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### **Recommended for Shift Briefing**

#### Highlights

- The planned legalization of cannabis products by the Canadian government in 2017 is unlikely to significantly reduce the number of seizures at the border, given that marihuana export numbers are high. The legalization will have implications for Canada's international relations with states where cannabis remains illegal. (PA)
- Imports of marihuana plant will likely decrease due to the rise in domestic availability of the product. Import of hashish is likely to continue since, despite domestic availability, potent versions of the substance are produced i and will remain popular among consumers in Canada. (PA)
- Officers will be faced with several issues at the border including: "cannabis tourists" (unless purchasing and consumption is limited to Canadians), impaired drivers, and travellers from state governments with relaxed legislation in the United States (U.S.), unaware of the continued prohibition to carry the substance across the border. (PA)

#### Background

1. The Government of Canada committed to the legalization, regulation and restriction of access to cannabis products, currently regulated under Schedule II of the Controlled Drugs and Substances Act (CDSA), in the 2015 Speech from the Throne. The decision to legalize cannabis products, which intends to legalize various substances including marihuana and hashish, as well as allow licit household cultivation to a maximum of four plants, marks a historical and unprecedented policy change for Canada. Some of the stated objectives of this initiative include the reduction of punitive

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measures for Canadian consumers for personal use, restricting access to children and youth, curbing profits to organized crime (OC) networks and facilitating the refocus of law enforcement from personal consumption to criminal trafficking<sup>1</sup>. Canada is a party to three United Nations (UN) conventions that regulate narcotics that require states to criminalize the production, consumption and trafficking of narcotics such as cannabis for non-medical or non-scientific purposes. Cannabis legalization will be in contravention of the UN conventions. (PA)

2. Most countries continue to consider cannabis consumption and trade illegal, with several exceptions. Several state governments of the U.S. have changed legislation between the 1970s and 2016 to legalize or decriminalize cannabis, particularly since 2012. Colorado, Washington, Oregon, the District of Columbia and Alaska have all legalized the cultivation of cannabis<sup>2</sup> for both medical and recreational purposes, while other states are working to decriminalize medical use and possession for recreational use. The Netherlands decriminalized cannabis, Portugal has categorized it as an administrative as opposed to a criminal offense and Jamaica decriminalized acts such as household production. Uruguay has completely legalized both medical and recreational cannabis consumption. (U)
3. Impact reports on the effects of marihuana legalization in the states of Colorado and Washington highlight some consequences for the policy change in the fields of law enforcement and health care. However, three years after the commercialization of marihuana markets, many aspects remain unclear. Generally the report findings indicate stable consumer rates, drops in cannabis related arrests and charges, and increasing instances of hospital treatment. The U.S. situation differs from Canada's in that cannabis continues to be an illicit good federally, while some individual states have legalized or decriminalized the substance. The impact on marihuana legalization in certain states on seizures at U.S. borders remains uncertain given the continued illegal status of the substance at the federal level. (U)

#### 4. Cannabis use is widespread in Canada

Based on the most recent available information provided by Statistics Canada and Health Canada, Canada has one of the highest cannabis consumption rates worldwide, indicated by over 40% of Canadians admitting to having used cannabis in their lifetime. Males are statistically more likely to consume cannabis than females (47.9% consumption rates versus 35.5%) and British Columbia reported the highest lifetime prevalence in cannabis use (48.7%) followed by Alberta (44.3%). Across all provinces, cannabis related offenses account for the highest proportion of overall drug-related offenses (66%), mainly for possession (55%) and to a lesser extent, trafficking (10%). (U)

### Analysis

5. Most of the marihuana consumed in Canada is likely domestically grown. The potency of Canadian cannabis products is reported on and discussed worldwide on online forums for illicit substances. Domestic cultivation is a lucrative business both inside Canada and across borders.

<sup>1</sup> All assumptions regarding planned legalization are based on information available from governmental reports and open source at the time of writing. Any subsequent changes or updates in policy or legislation are not captured

<sup>2</sup> The terms "cannabis" and "marihuana" are used interchangeably throughout the report, referring to *Cannabis sativa*, *Cannabis indica* and *Cannabis ruderalis* and variations of their strains, otherwise known as marihuana plants



### *Marihuana seizure trends*

7. CBSA seizures reflect the fact that cannabis is a widely used substance in Canada as well as abroad. Marihuana remains the most frequently seized substance by the CBSA, and officers have reported over 17,300 individual seizures since 2010, weighing a total of 2,122 kilograms. Despite the high number of seizures, quantities are generally small, averaging approximately 12 grams a seizure. This is a result of the majority of seizures (over 80%) involving small amounts for personal consumption as opposed to trafficking, a threshold generally established at 30 grams (Appendix B). (PA)
8. Since 2012, 23% of marihuana seizures have been exports, weighing an estimated total of 716 kilograms that accounts for 33% of overall quantities seized. The province with highest number of exports is British Columbia, followed by Ontario and Québec. The majority of exports are carried out and the packages are addressed to multiple countries where the substance is illegal, Officers have seized marihuana in plant form as well as seeds. (PA)
9. exported cannabis is likely intended for trafficking. However, in traveler modes there are many cases of misinformed Canadian residents, who allegedly forgot that the substance was present in their vehicle or intended to consume it while outside of Canada. Generally, trafficking-size marihuana seizures occur whereas travellers across all modes are caught with personal amounts. Many export seizures, particularly trafficking quantities, are intended
10. is the main source of marihuana to Canada (7,318 seizures since 2012), followed by (1,319 seizures), (576 seizures), (139 seizures) (79 seizures). Seizures most commonly occurred at the land borders via private or commercial vehicles, whereas those from the other countries were primarily in postal and air cargo modes. (PA)
11. Marihuana seizures at the border indicate that in a majority of cases, officers seize personal amounts as opposed to trafficking amounts. While the numbers of marihuana seizures have been consistently high over time, those weighing over one kilogram have been rare (only 146 out of 17,300), accounting for less than one percent of all seizures since 2012. Of all seizures over one kilogram, 72% occurred in



postal and air cargo modes. The largest marihuana seizure since 2012 (128 kg) was not destined within Canada, but was intercepted as a shipment

*Other cannabis products: hashish, cannabis oil*

12. The majority of discussion papers on cannabis legalization in Canada focus on the marihuana plant while the implications for other related and commonly encountered products such as hashish and cannabis oil remain unclear at this time. However, multiple reporting by Health Canada and open source indicates a continued market for these products. Hashish is the extract of the cannabis plant and can be processed into hash oil, wax or shatter. It is more potent than marihuana, given its higher THC concentration. Cannabis oil, known as Cannabidiol (CBD) is most commonly produced and consumed for medical purposes. Its status is legal in Canada but the amount of THC concentration must adhere to certain legal limits. Canadian users often import cannabis oil from the U.S. where a higher potency is permitted. (U)
13. Significant hashish seizures are rare and they are commonly inbound which demonstrates that there is an ongoing consumer market for hashish that is not satisfied by local supply, unlike marihuana. In 2016, 67% of hashish seizure numbers were exports, though in low quantities that accounted for only 22% of total. The exports were primarily postal parcels addressed worldwide to countries where the substance is illegal While large (+5 kg) hashish inbound seizures are rare, when they occur they can involve complex concealment methods and can be very significant in size (i.e. 1,331 kg in marine cargo in 2015).
14. Import of CBD, which is not psychoactive but alleviates pains such as those associated with arthritis, similar to other cannabis products, will likely decrease under the legalization regime as consumers will likely turn to other, more readily available cannabis products such as marihuana. However, as open source reporting indicates that some parents administer CBD to children with epilepsy, there will likely be a continued, yet smaller market for the product. If the governmental limits on potency are changed to allow for stronger CBD, the market for importing the product is highly likely to shrink. (PA)

### **Implications for the Canada Border Services Agency (CBSA) and Canada**

15. Legalization of cannabis products will likely not lead to significant decreases in enforcement actions at the border as exports are expected to increase and travellers are likely to continue to cross the border with personal quantities. If the legislation will permit travellers to carry a personal amount across the border such as 30 grams, seizures will likely decrease considerably, given that seizures under this threshold constitute 83% of total seizures since 2012. Domestically, the reduced sanctions for growing cannabis will likely motivate some individuals who had not previously considered it to grow cannabis in their home.



16. The domestic cannabis black market will likely continue to exist as individuals seek to exceed the limits imposed by law on cannabis cultivation amounts, potency and quality. Licit cannabis producers will be required to adhere to limits on potency and to display the percentage of THC that products contain, similar to regulations for alcohol and tobacco. In response to such limits, OC groups may target youth (under 18 who cannot legally purchase cannabis), lace marihuana with other substances, offer high potency product with less restrictions or sell synthetic cannabis to increase profits, as it is stronger than natural cannabis products with potential to generate more profit. Moreover, if cannabis related profits are undermined by an increased supply, some OC groups will likely shift their focus to other illicit products such as opiates. As well, if the potency of legally grown marihuana does not match that produced on the black market, consumers will likely continue turning to illicitly produced product to achieve the desired effects, whether medically or recreationally. (PA)

17.

Media reporting indicates the intentions of Canadian start-up companies to begin large scale marihuana production, which will likely fuel the trend of supply outpacing demand which is already made visible by export seizures. OC groups will likely target markets have legalized recreational marihuana, and as more relax marihuana legalization, exports are expected to focus outside of North America,

Cannabis remains illegal in most countries, including those where the majority of Canadian exports are currently addressed,

18. Some of the primary implications for legalization at the border will likely be “cannabis tourists” and impaired drivers. Individuals will likely travel to Canada to consume marihuana as is the case for countries with relaxed legislation Unless exemptions are made for personal amounts marihuana (i.e. under 30 grams), cannabis legalization may increase workloads for officers and translate into longer border wait times, particularly at land border: This trend will likely be most pronounced during summer months due to outdoor festivals and concerts, as well as the “4/20 rallies” where cannabis is consumed by large crowds in public places on April 20<sup>th</sup> of each year. (PA)

19. The legalization will have policy and enforcement implications for the CBSA. Depending on the final legislation, CBSA will be required to update agreements such as Memorandums of Understanding (MOUs) and Information Sharing Arrangements (ISAs) with partner agencies regarding the import and export of marihuana. Officers will require additional training to detect and determine intoxication levels due to suspected consumption of marihuana.

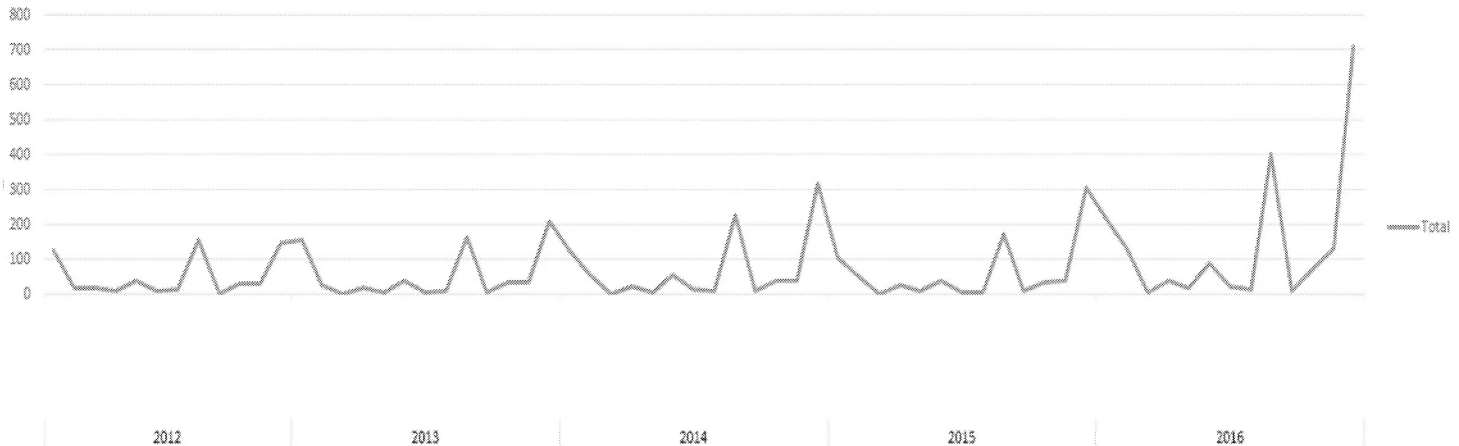
**Prepared by:** I.D. Current Intelligence Analysis





## Appendix A

CBSA Seizure Number Comparison 2012-2016  
U.S. States that Decriminalized/Legalized Marihuana



### States with Cannabis Legislation Changes from 2012 to 2016:

#### States that decriminalized:

- Maryland (2014)
- Delaware (2015)

#### States that legalized:

- Colorado, Washington (2012, recreational cannabis)
- Minnesota, New York (2014, medical cannabis)
- Alaska, Oregon (2014, recreational cannabis)
- Oklahoma (2014, CBD only)
- Louisiana (2015, medical cannabis)
- Georgia, Texas (2015, CBD only)
- Ohio, Pennsylvania (2016, medical cannabis)
- California, Nevada, Maine, Massachusetts (2016, recreational cannabis- legislation has not yet come into force)
- Florida, North Dakota, Arkansas (2016, medical cannabis- legislation has not yet come into force)



## **Appendix B: Seizure Quantities 2012-2016**

<b>2012-2016</b>		
<b>Size Range (KG)</b>	<b>Number of seizures in this range</b>	<b>% of total seizure numbers</b>
100 kg - 200 Kg	5	<1%
10 kg - 100 kg	19	<1%
5kg - 10 kg	15	<1%
1 kg - 5 kg	105	<1%
500 gr - 1kg	138	<1%
50 gr - 500 gr	1508	8%
30 gr - 50 gr	1144	7%
< 30 gr	14376	83%
<b>Total</b>	<b>17310</b>	<b>100%</b>